

WINCHENDON CASH RECONCILIATION ISSUES SUMMARY

FY 2015

Abstract

The following summarizes the issues encountered when reconciling cash activity to the general ledger in FY 2015

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**Cash Reconciliation Issues Summary
Town of Winchendon, Massachusetts
For the Year Ended FY 2015**

Introduction

The Town's general ledger was not reconciled to the Treasurer's cash balance in FY 2015. Issues encountered are summarized below. The two main issues that made the reconciliation problematic were the improper postings of payrolls to the general ledger and the attempted adjustments to correct not being done in the proper period. The other issues involved the transition of the Town from a self-insured plan to a premium based health insurance.

Payroll Issues

- The Town's payrolls were not posting correctly to the general ledger from October 2014 to June 2015.
- The Town's payroll was not reconciled when entered into the general ledger.
- The school did not post any payrolls until January 2015. At that point, lump sum entries in January that represented three months of payrolls were made. Therefore, the cash disbursements in the general ledger had the wrong date and could not be reconciled directly to the actual payroll.
- In subsequent months, general ledger entries for the school payroll were not booked into the current period by the school department, rather payroll of 3 months and 2 months were grouped and made as a single journal entry.
- Developed template to reconcile the school payrolls with the general ledger entries made. Exported all entries made to cash in FY 2015 and grouped into categories of receipts, warrants, and journal entries to facilitate reconciliation.
- The payroll entries did not have the correct general ledger postings for deductions or the payroll fee so process was developed to reconcile and make corrections.
- Onsite work with the Town Accountant was necessary analyzing all of FY 2015 journal entries made for the school and town payrolls.
- These entries affected cash, withholdings and expenses.

- There were adjusting entries made at the end of the year in an attempt to correct the incorrect postings so it was necessary to tie the adjustments and entries to the actual payrolls in order to ensure they were posted properly in the general ledger.
- We tested an October 2015 payroll entry and found the Town side is now posting properly while the school payroll still has some identifiable issues to be corrected.

Health Insurance Postings

- The Town transitioned from self-insured on March 1, 2015. Employee deductions are taken in the month before the premiums are due. February deductions should not have been deposited into the Trust. Employee deductions for February totaled \$90,219.63. This amount needed to be added back into withholdings and reversed out of the Trust.
- The same holds true for retiree deductions. They were improperly credited to the Trust instead of withholdings starting in February 2015. The total amount that needed to be taken out of the Trust and put into withholdings is \$88,889.54.
- There were \$34,679.64 in charges against the Health Insurance appropriation that should have been charged to the Trust.

Conclusion

All identified adjustments to cash in FY 2015 were summarized. The Cash reconciliation was sent to both Donna Allard and Tony Roselli, CPA of Roselli, Clark and Associates.

Now that FY 2015 is reconciled, it is recommended the Town start reconciling cash each month. Monthly reconciliations were not possible in FY 2015 due to the timeliness and methods used to post the payroll in FY 2015. In FY 2016, the timeliness of posting the school payroll is still an issue. Improvement in this area will facilitate the reconciliation process in FY 2016.